



BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE
Foreign-Trade Zones Board
(B-38-2020)

Foreign-Trade Zone (FTZ) 126 – Reno, Nevada
Notification of Proposed Production Activity
Tesla, Inc.
(Battery Penthouse Controllers)
McCarren and Sparks, Nevada

Tesla, Inc. (Tesla) submitted a notification of proposed production activity to the FTZ Board for its facilities in McCarren and Sparks, Nevada. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on June 10, 2020.

Tesla already has authority to produce lithium-ion batteries, electric motors, and stationary energy storage systems within Subzone 126D. The current request would add a finished product and eleven foreign status materials/components to the scope of authority. Pursuant to 15 CFR 400.14(b), additional FTZ authority would be limited to the specific foreign-status materials/components and specific finished product described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt Tesla from customs duty payments on the foreign-status materials/components used in export production. On its domestic sales, for the foreign-status materials/components noted below and in the existing scope of authority, Tesla would be able to choose the duty rate during customs entry procedures that apply to battery penthouse controllers (duty rate 2.7%). Tesla would be able to avoid duty on foreign-status components which become scrap/waste.

Customs duties also could possibly be deferred or reduced on foreign-status production equipment.

The materials/components sourced from abroad include battery penthouse controllers, plastic carriers, aluminum gaskets, gearbox casings, power converters, radial bearings, resolver sensors, rotor rings, unsaturated polyester imide resin, plastic vents, and voltage measurement boards (duty rate ranges from duty-free to 6.5%). The request indicates that certain materials/components are subject to special duties under Section 232 of the Trade Expansion Act of 1962 (Section 232) or Section 301 of the Trade Act of 1974 (Section 301), depending on the country of origin. The applicable Section 232 and Section 301 decisions require subject merchandise to be admitted to FTZs in privileged foreign status (19 CFR 146.41).

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary and sent to: ftz@trade.gov. The closing period for their receipt is **[INSERT DATE 40 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the notification will be available for public inspection in the "Reading Room" section of the Board's website, which is accessible via www.trade.gov/ftz.

For further information, contact Juanita Chen at juanita.chen@trade.gov or 202-482-1378.

Dated: June 15, 2020.

Andrew McGilvray,
Executive Secretary.

[FR Doc. 2020-13268 Filed: 6/18/2020 8:45 am; Publication Date: 6/19/2020]